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EXTRAORDINARY

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PART II — Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bills were introduced in Lok Sabha on the 05th August, 2019:—

BILL NO. 191 OF 2019

A Bill further to amend the Supreme Court (Number of Judges) Act, 1956.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

1. This Act may be called the Supreme Court (Number of Judges) Amendment Act, 2019. Short title.

55 of 1956.

2. In section 2 of the Supreme Court (Number of Judges) Act, 1956, for the word "thirty", the word "thirty-three" shall be substituted. Amendment of section 2.

STATEMENT OF OBJECTS AND REASONS

The pendency of cases in the Supreme Court of India has constantly been on the rise due to comparatively higher rate of institution of cases. As on the 1st day of June, 2019, there were 58669 cases pending in the Supreme Court. The Chief Justice of India has intimated that inadequate strength of judges is one of the prime reasons for backlog of cases in the Supreme Court. It is not possible for the Chief Justice of India to constitute five Judges Bench on a regular basis to hear cases involving substantial question of law as to the interpretation of the Constitution as it would result in constitution of less number of Division Benches which would lead to delay in hearing of other civil and criminal matters.

2. The feeder cadre of Chief Justices and Judges of the High Courts have increased from 906 to 1,079 and presently new High Courts have also been established in the previous years. This has led to increase in the disposal of cases at the High Court level leading to larger number of appeals to the Supreme Court.

3. It is, therefore, proposed to amend the Supreme Court (Number of Judges) Act, 1956 to increase the number of Judges in the Supreme Court from present thirty to thirty-three, excluding the Chief Justice of India.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 31st July, 2019.

RAVI SHANKAR PRASAD.

FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to increase the present strength of the Judges of the Supreme Court from thirty to thirty-three (excluding the Chief Justice of India). This will increase the expenditure on account of pay and allowances on creation of three additional posts of Judges in the Supreme Court along with required staff. The Judges will also be entitled to the use of rent free official residence. Each Judge will have to be provided with personal staff at residence and office. Expenditure would also be incurred in connection with the deployment of security for Judges.

2. The recurring expenditure amounting to Rs. 5,37,54,528/- per annum would consist of salary of three Judges and their staff, housing, water, electricity, medical, conveyance, leave travel concession and expenditure of Rs. 60,00,000/- in connection with deployment of security and non-recurring expenditure of Rs. 84,00,000/- towards car and furnishing of official residence. Thus, the total expenditure on creation of additional three posts of Judges in the Supreme Court will be of Rs. 6,81,54,528/-.

3. The Bill, if enacted, is not likely to involve any other recurring and non-recurring expenditure.

BILL NO. 192 OF 2019

A Bill further to amend the Chit Funds Act, 1982.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

Short title and
commencement.

1. (1) This Act may be called the Chit Funds (Amendment) Act, 2019.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Amendment
of section 2.

2. In the Chit Funds Act, 1982 (hereinafter referred to as the principal Act), in section 2,— 40 of 1982.

(i) in clause (b), after the word “*kuri*”, the words “,fraternity fund, Rotating Savings and Credit Institution” shall be inserted;

(ii) clause (d) shall be omitted;

(iii) clause (h) shall be omitted;

(iv) after clause (j), the following clauses shall be inserted, namely:—

‘(ja) “gross chit amount” means the sum-total of the subscriptions payable by all the subscribers for any instalment of a chit without any deduction of discount or otherwise;

(jb) “net chit amount” means the difference between the gross chit amount and the discount, and in the case of a fraction of a ticket means the difference between the gross chit amount and the discount proportionate to the fraction of the ticket, and when the net chit amount is payable otherwise than in cash, the value of the net chit amount shall be the value at the time when it becomes payable;’;

(v) clause (m) shall be omitted;

(vi) after clause (p), the following clause shall be inserted, namely:—

‘(pa) “share of discount” means the share of the subscriber in the amount of discount available under the chit agreement for rateable distribution among the subscribers at each instalment of the chit;’.

3. Throughout the principal Act,—

(i) for the words “chit amount”, the words “gross chit amount” shall be substituted;

(ii) for the word “dividend”, the words “share of discount” shall be substituted; and

(iii) for the words “prize amount”, the words “net chit amount” shall be substituted.

Substitution of words to certain expressions by certain other expressions.

4. For section 11 of the principal Act, the following section shall be substituted, namely:—

“11. (1) No person shall carry on chit business unless he uses as part of his name any of the words “chit”, “chit fund”, “chitty”, “kuri”, “fraternity fund” or “Rotating Savings and Credit Institution” and no person other than a person carrying on chit business shall use as part of his name any such word.

(2) Where at the commencement of this Act,—

(a) any person is carrying on chit business without using as part of his name any of the words specified in sub-section (1); or

(b) any person not carrying on chit business is using any such word as part of his name,

he shall, within a period of one year from such commencement, add as part of his name any such word or, as the case may be, delete such word from his name:

Provided that the State Government may, if it considers necessary in the public interest or for avoiding any hardship, extend the said period of one year by such further period or periods not exceeding one year in the aggregate.”.

Substitution of new section for section 11.

Use of words “chit”, “chit fund”, “chitty”, “kuri”, “fraternity fund” or “Rotating Savings and Credit Institution”.

5. In section 13 of the principal Act,—

(i) in sub-section (1), for the words “rupees one lakh”, the words “rupees three lakhs” shall be substituted;

(ii) in sub-section (2),—

(a) in clause (a), for the words “rupees six lakhs”, the words “rupees eighteen lakhs” shall be substituted;

(b) in clause (b), for the words “rupees one lakh”, the words “rupees three lakhs” shall be substituted.

Amendment of section 13.

- Amendment of section 16. **6.** In section 16 of the principal Act, in sub-section (2), after the words “two subscribers”, the words “present in person or through video conferencing duly recorded by the foreman” shall be inserted.
- Amendment of section 17. **7.** In section 17 of the principal Act, in sub-section (1),—
 (a) after the words “at least two other subscribers who are present”, the words “in person or through video conferencing” shall be inserted;
 (b) the following proviso shall be inserted, namely:—
 “Provided that where two subscribers required to be present under sub-section (2) of section 16 are present through video conferencing, the foreman shall have the minutes of the proceedings signed by such subscribers within a period of two days of the date of the draw.”.
- Amendment of section 21. **8.** In section 21 of the principal Act, in sub-section (1),—
 (i) in clause (b), for the words “five per cent.”, the words “seven per cent.” shall be substituted;
 (ii) in clause (f), the word “and” shall be omitted;
 (iii) after clause (f), the following clause shall be inserted, namely:—
 “(fa) to exercise his right to lien against the credit balance in other non-prized chits; and”.
- Amendment of section 85. **9.** In section 85 of the principal Act, in clause (b), for the words “one hundred rupees”, the words “such amount as may be specified, by notification in the Official Gazette, by the State Government” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The Chit Funds Act, 1982 was enacted to provide for the regulation of chit funds which are indigenous business in India and have conventionally satisfied the financial needs of the low-income households. The chit is a mechanism which combines credit and savings in a scheme, in which a group of individuals come together for a pre-determined duration and subscribe a certain sum of money by way of periodical instalments and each such subscriber, in his term as determined by lot or by auction or by tender or any other specified manner, gets the collected sum. In this way, people who are in need of funds and those who want to save are able to meet their requirements simultaneously.

2. In past, concerns had been expressed by various stakeholders regarding challenges being faced by the chit business. Therefore, the Central Government constituted a Key Advisory Group on chit funds to review the existing legal, regulatory and institutional framework for chit funds and its efficacy and to suggest legal and regulatory initiatives required for orderly growth of the said sector. The Key Advisory Group submitted its recommendations relating to improvements in the institutional and legal structure to further develop the chit business in order to reduce the regulatory burden of the chit business and to protect the interest of the subscribers of the chits.

3. The Parliamentary Standing Committee on Finance (Sixteenth Lok Sabha), in its twenty-first Report on "Efficacy of Regulation of Collective Investment Schemes (CIS) Chit Funds, etc." had also recommended to finalise the legislative and administrative proposals for strengthening and streamlining of the registered chit fund sector. Further, the said Committee, in its thirty-fifth Report on the Action Taken by the Government on the recommendations contained in the twenty-first Report, has recommended the need to quickly firm up the legislative and administrative proposals for the chit funds sector.

4. The Chit Funds (Amendment) Bill, 2018 was introduced in Lok Sabha on 12th March, 2018. The Bill was referred to the Department Related Parliamentary Standing Committee on Finance on 27th April, 2018 for examination and report. The Committee submitted its Report on the said Bill on 9th August, 2018. However, before the recommendations of the said Committee could be examined, the term of the Sixteenth Lok Sabha came to an end and the Bill was lapsed. Now, after examination of the Report, some of the recommendations of the Committee have been accepted and incorporated in the Chit Funds (Amendment) Bill, 2019.

5. In order to facilitate orderly growth of the chit fund sector, to remove bottlenecks being faced by the chit fund industry and to enable greater financial access to people, the Chit Funds (Amendment) Bill, 2019, *inter alia*, proposes the following, namely:—

(a) insertion of the words "fraternity fund", "Rotating Savings and Credit Institution" in clause (b) of section 2 which defines "chit" and also in section 11, to signify its inherent nature and distinguish its working from "prize chits" which are banned under a separate legislation;

(b) to substitute the expressions "gross chit amount", "share of discount" and "net chit amount" for the expressions "chit amount", "dividend" and "prize amount" respectively in the Act, in order to remove confusion with respect to illegal prize chits;

(c) to revise the prescribed ceiling of aggregate chit amount from rupees one lakh to rupees three lakhs for individuals and from rupees six lakhs to rupees eighteen lakhs for firms, which have not been revised since 2001;

(d) to allow the mandatory presence of two subscribers, as required under sub-section (2) of section 16, either in person or through video conferencing duly recorded by the foreman;

(e) where the presence of the mandatory two subscribers is through video conferencing, the minutes of the proceedings to be signed by them within two days of the date of the draw;

(f) to increase the ceiling of foreman's commission from five per cent. to seven per cent. under section 21;

(g) to enable the foreman to have a right to lien against the credit balance in other non-prized chits;

(h) to amend clause (b) of section 85, so as to confer power upon the State Government to specify the amount by notification, upto which any chit fund shall be exempted under the Act.

6. The Bill seeks to achieve the above objects.

NEW DELHI;
The 31st July, 2019.

NIRMALA SITHARAMAN.

SNEHLATA SHRIVASTAVA
Secretary General